

VILLAGE OF BLISSFIELD, MICHIGAN
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2008
WITH
INDEPENDENT AUDITORS' REPORT

VILLAGE OF BLISSFIELD, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2008

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
Management's Discussion and Analysis	i – vii
Independent Auditors' Report	1 – 2
Basic Financial Statements:	
<i>Government-wide Financial Statements</i>	
Statement of Net Assets	3 – 4
Statement of Activities	5 – 6
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds	7
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	8
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	9 – 10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund	12 – 13
Major Street	14
Local Street	15
Statement of Net Assets – Proprietary Funds	16 – 17
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19 – 20
Statement of Fiduciary Net Assets – Fiduciary Funds – Agency Type	21
Notes to Financial Statements	22 – 40
Required Supplemental Information:	
Schedule of Funding Progress – Village's Defined Benefit Pension Plan (MERS)	41
Combining and Individual Fund Statements and Schedules:	
<i>Nonmajor Governmental Funds</i>	
Combining Balance Sheet	42
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	43
<i>Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:</i>	
Capital Projects Fund	44
Debt Service	45
Building Inspection	46
Library Trust	47
<i>Schedule of Indebtedness</i>	48 – 55

VILLAGE OF BLISSFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2008

As management of the Village of Blissfield, Michigan, we offer readers of the Village of Blissfield, Michigan's financial statements this narrative overview and analysis of the financial activities of the Village of Blissfield, Michigan for the year ended September 30, 2008. We encourage readers to consider the information presented here.

Financial Highlights

- The assets of the Village of Blissfield, Michigan, excluding component unit, exceeded its liabilities at the close of the year ended September 30, 2008 \$10,171,302 (*net assets*). Of this amount, \$277,221 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased \$466,745. This decrease is partially attributable to depreciation expense.
- At the close of the year ended September 30, 2008, the Village of Blissfield, Michigan's governmental funds reported combined ending fund balances of \$976,424, a decrease of (\$13,452) from September 30, 2007.
- At the end of the current year, unreserved fund balance for the General Fund was \$25,017, or 1.8 percent of total General Fund expenditures.
- The Village of Blissfield, Michigan's total debt decreased by \$471,057 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Blissfield, Michigan's basic financial statements. The Village of Blissfield, Michigan's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Blissfield, Michigan's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Village of Blissfield, Michigan's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village of Blissfield, Michigan is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the year ended September 30, 2008. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village of Blissfield, Michigan that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Blissfield, Michigan include general government, public safety, highways and streets, sanitation, public works, and culture and recreation. The business-type activities of the Village of Blissfield, Michigan include utility systems.

The government-wide financial statements include not only the Village of Blissfield, Michigan itself (known as the *primary government*), but also a legally separate Downtown Development Authority (DDA) for which the Village of Blissfield, Michigan is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 3 – 6 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Blissfield, Michigan, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Blissfield, Michigan can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the year ended September 30, 2008. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village of Blissfield, Michigan maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, street funds, and capital projects fund which are considered to be major funds. Data from the other six governmental funds are combined

into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Village of Blissfield, Michigan adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for all governmental funds to demonstrate compliance with budget.

The basic governmental fund financial statements can be found on pages 7 – 15 of this report.

Proprietary funds. The Village of Blissfield, Michigan maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village of Blissfield, Michigan uses an enterprise fund to account for its Utility Fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Village of Blissfield, Michigan's various functions. The Village of Blissfield, Michigan uses an internal service fund to account for equipment expense (Motor Vehicle Fund). Because this service predominantly benefits governmental rather than a business-type function it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility Fund, which is considered to be a major fund of the Village of Blissfield, Michigan. The internal service fund (Motor Vehicle Fund) is in the proprietary fund financial statements.

The basic fund financial statements can be found on pages 16 – 20 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Village of Blissfield, Michigan's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 22 – 40 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Village of Blissfield, Michigan's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 41 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pension. Combining statements and individual fund schedules can be found on pages 42 – 47 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village of Blissfield, Michigan, assets exceeded liabilities by \$10,171,302 at the close of the year ended September 30, 2008.

By far the largest portion of the Village of Blissfield, Michigan's net assets (89 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. The Village of Blissfield, Michigan uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village of Blissfield, Michigan's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Village of Blissfield, Michigan's Net Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>2008 Total</u>	<u>2007 Total</u>
Current and other assets	\$ 2,205,907	\$ 256,125	\$ 2,462,032	\$ 2,391,282
Capital assets	<u>5,520,633</u>	<u>11,278,437</u>	<u>16,799,070</u>	<u>17,710,330</u>
Total assets	<u>\$ 7,726,540</u>	<u>\$ 11,534,562</u>	<u>\$ 19,261,102</u>	<u>\$ 20,101,612</u>
Long term liabilities outstanding	2,170,044	5,225,788	7,395,832	7,881,889
Other liabilities	<u>1,207,126</u>	<u>486,842</u>	<u>1,693,968</u>	<u>1,581,676</u>
Total liabilities	<u>\$ 3,377,170</u>	<u>\$ 5,712,630</u>	<u>\$ 9,089,800</u>	<u>\$ 9,463,565</u>
Net assets:				
Invested in capital assets, net of related debt	3,325,633	5,702,426	9,028,059	9,469,319
Restricted	748,661	117,361	866,022	958,881
Unrestricted	<u>273,876</u>	<u>3,345</u>	<u>277,221</u>	<u>209,847</u>
Total net assets	<u>\$ 4,348,170</u>	<u>\$ 5,823,132</u>	<u>\$ 10,171,302</u>	<u>\$ 10,638,047</u>

An additional portion of the Village of Blissfield, Michigan's net assets (8.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$277,221 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Village of Blissfield, Michigan is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Financial Analysis of the Government's Funds

As noted earlier, the Village of Blissfield, Michigan uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of the year ended September 30, 2008, the Village of Blissfield, Michigan's governmental funds reported combined ending fund balances of \$976,424, a decrease of (\$13,452) in comparison with the balance at September 30, 2007. Reserved fund balance \$227,427 is not available for new spending since it already is committed and Special Revenue Funds have \$520,608 available for their special uses.

The General Fund is the chief operating fund of the Village of Blissfield, Michigan. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$25,017.

The fund balance of the Village of Blissfield, Michigan's General Fund increased by \$17,134 during the year ended September 30, 2008

Proprietary fund - The Village of Blissfield, Michigan's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the utility fund at the end of the year amounted to \$3,345. The total increase in net assets for the fund was \$121,364.

General Fund Budgetary Highlights

Budgeting for FY07-08 was the third full 12-month fiscal year for the Village after the transition to an October 1 - September 30 fiscal year. Differences between the original FY07-08 budget and the final amended budget were generally routine in nature, with a few exceptions. In addition to the originally budgeted items in the General Fund, there were a few projects/activities that were ultimately funded that were not included in the original budget. These included a paperless agenda system for the Village Council, building repairs to the Village Office, increased solid waste disposal activities, and increased recreation programming. Conversely, the Department of Public Works' final budget was less than the original budget due to the elimination of some planned building improvements. It should be noted, however, that some of the increases were offset by corresponding increases in revenues (i.e., recreation programming).

One notable aspect of the General Fund's performance in FY07-08 was that the fund balance increased from \$7,883 to \$25,017, still much lower than that desired. This is the continuing result of the accounting technique required to show a \$160,000 inter-fund loan (from FY04-05) from the Local Street Fund to the General Fund. As of September 30, 2008, the General Fund owes a net payable to the Local Street Fund of \$112,000. Were this figure represented as part of the General Fund fund balance (as it will be upon complete repayment to the Local Street Fund), that year-end fund balance would then be \$137,017. As it is, though, this payable will decrease by \$16,000 per year for the next 7 years, and thus the General Fund fund balance (barring other factors) should increase by that annual amount over the same 7-year period.

Capital Asset and Debt Administration

Capital assets. The Village of Blissfield, Michigan's investment in capital assets for its governmental and business-type activities as of September 30, 2008, amounts to \$16,799,072 (net of accumulated depreciation). This investment in capital assets includes land, buildings and utility systems, machinery and equipment, park facilities, roads, highways, and bridges, and other infrastructure.

Capital asset purchased during the year ended September 30, 2008 were:

- Equipment (Motor Vehicle Fund) (\$23,210) and water plant equipment (\$51,859).

Village of Blissfield, Michigan's Capital Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>2008 Total</u>	<u>2007 Total</u>
Land	\$ 298,271	\$	\$ 298,271	\$ 298,271
Land improvements	537,559		537,559	558,461
Buildings	382,971		382,971	403,649
Equipment, furniture, and books	265,840	36,064	301,904	381,478
Infrastructure	<u>4,035,993</u>	<u>11,242,374</u>	<u>15,278,367</u>	<u>16,068,471</u>
Total	<u>\$ 5,520,634</u>	<u>\$ 11,278,438</u>	<u>\$ 16,799,072</u>	<u>\$ 17,710,330</u>

Additional information on the Village of Blissfield's capital assets can be found in Note 3. C. on pages 31 – 32.

Long-term debt. At the year ended September 30, 2008, the Village of Blissfield, Michigan had total bonded and contract debt outstanding, excluding component unit, of \$7,771,011. Of this amount, \$5,815,000 comprises debt backed by the full faith and credit of the government. The remainder of the Village of Blissfield, Michigan's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

Village of Blissfield, Michigan's Outstanding Debt General Obligation and Revenue Bonds

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>2008 Total</u>	<u>2007 Total</u>
General obligation bonds	\$ 2,195,000	\$ 3,620,000	\$ 5,815,000	\$ 6,180,000
Revenue bonds		<u>1,956,011</u>	<u>1,956,011</u>	<u>2,061,011</u>
Total	<u>\$ 2,195,000</u>	<u>\$ 5,576,011</u>	<u>\$ 7,771,011</u>	<u>\$ 8,241,011</u>

The component unit (Downtown Development Authority) has total debt of \$497,825 at September 30, 2008. This debt consists of \$395,000 general obligation debt of the Village and \$102,825 in contract purchase debt.

Additional information on the Village of Blissfield, Michigan's long-term debt can be found in Note 3. E. and on pages 48 – 55 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors (some positive, some negative) were considered in preparing the Village of Blissfield's budget for FY08-09:

- The occupancy rate of the Village of Blissfield's central business district is currently 90%, up from 84% a year ago.
- Inflationary trends in the Village continue to compare favorably to national indices.
- State revenue sharing payments are yet again not expected to increase in FY08-09, and may decrease.
- Village property tax values are expected to increase by approximately 4.7% for FY08-09. However, no change in the tax millage rate as a result of Proposal A and the Headlee amendment will offset an expected total 4.7% increase in property values, essentially resulting in flattened property tax revenues. While still an issue, it is not as significant as some previous years.
- The Village faces several significant projects in the next several years, including a new Municipal office, a new DPW facility, water treatment plant improvements, and a streetscape project along US223 in the Village's downtown.
- The Village will work on stabilizing personnel costs, particularly health insurance costs, through considering various alternative plans for these benefits. Full-time fringe benefit costs could decrease to approximately 45% of wage costs if these efforts prove successful.

During FY08-09, while reducing the inter-fund payable to the Local Street Fund by \$16,000 (discussed elsewhere in this MD&A), the Village expects continued pressure on the General Fund's fund balance. Due to the limitations that affect revenues and spending in the general fund, the Village does not anticipate adding significantly to that fund balance (except through paying off the inter-fund payable). However, we do not anticipate the need to raise taxes during FY08-09. We do anticipate raising utility (water/sewer) rates and fees by 3.5% (just enough to try to cover inflation-based cost increases). It should again be noted that approximately 26.3% of these (utility rates support debt payments for projects mandated by the State of Michigan, such as a new water plant and a re-built wastewater plant.

Requests for Information

This financial report is designed to provide a general overview of the Village of Blissfield, Michigan's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village of Blissfield, 408 East Adrian Street, P.O. Box 129, Blissfield, Michigan 49228.

December 16, 2008

INDEPENDENT AUDITORS' REPORT

Village of Blissfield
Lenawee County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Blissfield, Michigan, as of and for the year ended September 30, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Blissfield, Michigan's management. Our responsibility is to express opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Blissfield, Michigan, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and schedule of funding progress on pages i through vii and page 41 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

December 16, 2008

Village of Blissfield
Lenawee County, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Blissfield, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedule, on pages 44 through 47, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the budgetary comparison schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Robertson, Eaton & Owen, P.C.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF NET ASSETS

September 30, 2008

	PRIMARY GOVERNMENT			COMPONENT UNIT
	Governmental Activities	Business – Type Activities	Total	Downtown Development Authority
ASSETS:				
Cash/savings accounts	\$ 628,028	\$ 11,402	\$ 639,430	\$ 529
Investments	1,138,325	134,084	1,272,409	322
Accounts receivables	137,925	179,257	317,182	185,437
Due from component unit	70,000		70,000	
Internal balance	231,629	(231,629)		
Inventory		35,611	35,611	
Restricted assets:				
Investments		127,400	127,400	
Capital assets:				
Land	298,271		298,271	
Land improvements	861,918		861,918	
Equipment; furniture; books	1,547,198	199,356	1,746,554	
Buildings	1,028,935		1,028,935	
Infrastructure	11,193,955	14,279,534	25,473,489	869,885
Less: Accumulated depreciation	(9,409,644)	(3,200,453)	(12,610,097)	(200,841)
Total assets	\$ 7,726,540	\$ 11,534,562	\$ 19,261,102	\$ 855,332

	PRIMARY GOVERNMENT			COMPONENT UNIT
	Governmental Activities	Business – Type Activities	Total	Downtown Development Authority
LIABILITIES:				
Accounts payable	\$ 47,577	\$ 21,165	\$ 68,742	\$ 1,903
Accrued expenses	53,622	36,160	89,782	785
Due to primary government				70,000
Customer deposits		48,278	48,278	
Deferred revenue	934,967		934,967	
Mature bonds and interest payable	172,160	380,039	552,199	64,041
Noncurrent liabilities:				
Due within one year	64,532	19,777	84,309	
Due in more than one year	2,105,512	5,206,011	7,311,523	433,785
Total liabilities	3,378,370	5,711,430	9,089,800	570,514
NET ASSETS:				
Invested in capital assets, net of related debt	3,325,633	5,702,426	9,028,059	171,228
Restricted for:				
Highways and streets	365,804		365,804	
Public safety	26,765		26,765	
Culture and recreation	349,872		349,872	
Debt Service	6,220	117,361	123,581	11
Unrestricted	273,876	3,345	277,221	113,579
Total net assets	\$ 4,348,170	\$ 5,823,132	\$ 10,171,302	\$ 284,818

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2008

		<u>PROGRAM REVENUES</u>		
	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>
Functions/Programs				
Primary Government:				
Governmental activities:				
General government	\$ 335,255	\$ 48,375	\$	\$
Public safety	641,413	48,376	2,699	
Public works	65,943			
Sanitation	23,083			
Culture and recreation	619,715	97,254		
Highways and streets	1,116,395		223,413	
Interest on long term debt	<u>95,160</u>	<u> </u>	<u> </u>	<u> </u>
Total governmental activities	<u>2,896,964</u>	<u>194,005</u>	<u>226,112</u>	<u>-</u>
Business-Type Activities:				
Utility systems	<u>1,904,628</u>	<u>1,808,983</u>	<u>85,040</u>	<u> </u>
Total business-type activities	<u>1,904,628</u>	<u>1,808,983</u>	<u>85,040</u>	<u>-</u>
Total primary government	<u>\$ 4,801,592</u>	<u>\$ 2,002,988</u>	<u>\$ 311,152</u>	<u>\$ -</u>
Component Unit:				
Downtown Development Authority	\$	\$	\$	\$
Interest on long term debt	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total component unit	<u>\$</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues:				
Property taxes				
Intergovernmental – State				
Licenses, fees, and fines				
Contributions not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous revenues				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets – beginning of year				
Net assets – end of year				

The notes to the financial statements are an integral part of this statement.

**NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS**

PRIMARY GOVERNMENT			COMPONENT UNIT
Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
\$ (286,880)	\$	\$ (286,880)	\$
(590,338)		(590,338)	
(65,943)		(65,943)	
(23,083)		(23,083)	
(522,461)		(522,461)	
(892,982)		(892,982)	
(95,160)		(95,160)	
<u>(2,476,847)</u>	<u>-</u>	<u>(2,476,847)</u>	
	<u>(10,605)</u>	<u>(10,605)</u>	
<u>-</u>	<u>(10,605)</u>	<u>(10,605)</u>	<u>-</u>
<u>\$ (2,476,847)</u>	<u>\$ (10,605)</u>	<u>\$ (2,487,452)</u>	<u>\$</u>
\$	\$	\$	\$ (258,916)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,386)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (293,302)</u>
\$ 1,279,027	\$	\$ 1,279,027	\$ 168,675
319,898		319,898	78,387
101,016		101,016	
66,590		66,590	2,571
43,273	28,751	72,024	
53,934	128,218	182,152	27,653
<u>25,000</u>	<u>(25,000)</u>		
<u>1,888,738</u>	<u>131,969</u>	<u>2,020,707</u>	<u>277,286</u>
(588,109)	121,364	(466,745)	(16,016)
<u>4,936,279</u>	<u>5,701,768</u>	<u>10,638,047</u>	<u>300,834</u>
<u>\$ 4,348,170</u>	<u>\$ 5,823,132</u>	<u>\$ 10,171,302</u>	<u>\$ 284,818</u>

VILLAGE OF BLISSFIELD, MICHIGAN

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2008
(With Comparative Totals for September 30, 2007)

ASSETS	General	Major Street	Local Street	Other Governmental Funds	Total Governmental Funds	
					2008	2007
Cash/savings accounts	\$ 364,101	\$ 62,565	\$ 62,732	\$ 119,034	\$ 608,432	\$ 365,935
Investments at cost	400,822	40,270	204,610	378,039	1,023,741	1,277,681
Receivables:						
Accounts	7,897	2,816	81,336		92,049	164,477
Due from other funds	52,283		184,384	70,000	306,667	225,942
Due from component unit	47,000			23,000	70,000	
Advance to other funds			112,000		112,000	128,000
Total assets	\$ 872,103	\$ 105,651	\$ 645,062	\$ 590,073	\$ 2,212,889	\$ 2,162,035

LIABILITIES AND FUND BALANCES

Liabilities:						
Accounts payable	16,485	12,140	13,332	1,456	43,413	25,008
Accrued liabilities	47,153	1,643	2,573		51,369	36,932
Due to other funds	1,627	267	25,276	3,014	30,184	20,759
Advance from other funds	112,000				112,000	128,000
Accrued sick pay	64,532				64,532	67,770
Deferred revenue	605,289		329,678		934,967	893,690
Total liabilities	\$ 847,086	14,050	370,859	4,470	1,236,465	1,172,159

Fund Balances:

Reserved For:						
Debt service				6,220	6,220	6,043
Police equipment				22,207	22,207	21,122
Little league				36,000	36,000	36,000
Memorial Park				51,000	51,000	51,000
Advance			112,000		112,000	128,000
Unreserved, Reported In:						
General Fund	25,017				25,017	7,883
Special Revenue Funds		91,601	162,203	266,804	520,608	638,034
Capital Projects Fund				202,746	202,746	101,182
Permanent Funds				626	626	612
Total fund balances	25,017	91,601	274,203	585,603	976,424	989,876
Total liabilities and fund balances	\$ 872,103	\$ 105,651	\$ 645,062	\$ 590,073	\$ 2,212,889	\$ 2,162,035

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

September 30, 2008

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	\$ 5,520,635
The internal service fund is used by management to charge the costs of equipment through equipment rental to individual funds. The assets and liabilities of the internal service fund (Motor Vehicle Fund) are included in governmental activities in the Statement of Net Assets.	128,783
Accrued interest payable on long term debt is recognized in governmental funds when paid and not when accrued	(57,160)
Long-term portion of accrued sick and vacation pay liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(25,512)
Bond and loan indebtedness are recognized in the governmental funds when paid and not when accrued.	<u>(2,195,000)</u>
Net differences	3,371,746
Total fund balance in governmental funds	<u>976,424</u>
Total net assets of governmental activities	<u>\$ 4,348,170</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2008
(With Comparative Totals for September 30, 2007)

	General	Major Street	Local Street	Other Governmental Funds	Governmental Funds 2008	Total Governmental Funds 2007
Revenues:						
Property taxes	\$ 876,631	\$	\$ 402,396	\$	\$ 1,279,027	\$ 1,183,820
Licenses, fees and charges for services	87,245			22,465	109,710	137,321
Fines	35,056			5,129	40,185	36,205
Intergovernmental	322,597	168,100	55,313		546,010	557,125
Miscellaneous	27,900		11,524	3,200	42,624	25,733
Interest	15,432	2,575	6,121	16,419	40,547	56,194
Gifts	36,816			29,774	66,590	12,916
	<u>1,401,677</u>	<u>170,675</u>	<u>475,354</u>	<u>76,987</u>	<u>2,124,693</u>	<u>2,009,314</u>
Total revenues						
Expenditures:						
Current:						
General government	271,867				271,867	242,598
Public safety	531,427			44,198	575,625	534,127
Public works	65,943				65,943	67,059
Sanitation	23,083				23,083	8,690
Culture – recreation	480,933			20,656	501,589	673,090
Highways and streets		167,888	353,185		521,073	355,373
Debt Service:						
Principal				110,000	110,000	105,000
Interest and agent fees	100			96,865	96,965	100,092
Other						35
	<u>1,373,353</u>	<u>167,888</u>	<u>353,185</u>	<u>271,719</u>	<u>2,166,145</u>	<u>2,086,064</u>
Total expenditures						
Excess (deficiency) of revenues over (under) expenditures	<u>28,324</u>	<u>2,787</u>	<u>122,169</u>	<u>(194,732)</u>	<u>(41,452)</u>	<u>(76,750)</u>

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Other Governmental Funds</u>	<u>2008</u>	<u>Total Governmental Funds 2007</u>
Other financing sources (uses):						
Transfers in	3,810	23,208		306,865	333,883	512,143
Transfers out	(15,000)	(55,000)	(232,073)	(3,810)	(305,883)	(367,145)
Total other financing sources (uses)	(11,190)	(31,792)	(232,073)	303,055	28,000	144,998
Net change in fund balance	17,134	(29,005)	(109,904)	108,323	(13,452)	68,248
Fund balances at beginning of year	7,883	120,606	384,107	477,280	989,876	921,628
Fund balances at end of year	<u>\$ 25,017</u>	<u>\$ 91,601</u>	<u>\$ 274,203</u>	<u>\$ 585,603</u>	<u>\$ 976,424</u>	<u>\$ 989,876</u>

VILLAGE OF BLISSFIELD, MICHIGAN

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2008

Amounts reported for governmental activities in the Statement of Revenues,
Expenditures and Changes in Fund Balances are different because:

Net change in fund balance – total governmental funds	\$		\$ (13,452)
---	----	--	-------------

Government funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (Total capital outlay \$23,911 less total depreciation \$727,882)			(703,971)
--	--	--	-----------

This issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these assets. This amount is the net effect of these differences in the treatment of long-term debt.

Debt incurred during current year			
Bond proceeds		-	
Less: Principal repayment		<u>110,000</u>	110,000

Internal service fund is used by management to charge the costs of equipment through equipment rental to individual funds. The net revenue of certain activities of the Motor Vehicle Fund is reported with governmental activities.			17,331
--	--	--	--------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds –

Accrued interest – net effect			1,705
Accrued long-term leave – net effect		<u>278</u>	

Change in net assets in governmental activities			<u>\$ (588,109)</u>
---	--	--	---------------------

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 902,760	\$ 910,000	\$ 876,631	\$ (33,369)
Licenses, fees and charges for services:				
Swimming pool and summer programs	37,000	48,920	48,879	(41)
Licenses and permits	4,700	2,550	2,505	(45)
Mobile home park fees	1,800	1,300	1,250	(50)
Cable TV	37,000	34,600	34,611	11
Total licenses, fees and charges for services	80,500	87,370	87,245	(125)
Fines:				
Ordinance	31,000	34,900	34,902	2
Parking	300	150	154	4
Total fines	31,300	35,050	35,056	6
Intergovernmental revenue – State	320,000	320,000	319,898	(102)
Intergovernmental revenue – grants	1,500	2,720	2,699	(21)
Miscellaneous:				
Other	8,000	6,130	27,900	21,770
Interest	19,000	15,500	15,432	(68)
Gifts	10,000	37,000	36,816	(184)
Total revenues	1,373,060	1,413,770	1,401,677	(12,093)
Expenditures:				
General Government:				
Council	34,540	47,780	46,942	838
Administrator	33,360	29,960	30,423	(463)
Clerk and Treasurer	44,390	48,440	47,863	577
Village Hall and grounds	86,380	106,560	103,776	2,784
Planning Commission	9,350	12,530	12,520	10
Professional service	27,050	29,000	30,343	(1,343)
Total General Government	\$ 235,070	\$ 274,270	\$ 271,867	\$ 2,403

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL

For the Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Safety:				
Police	\$ 511,040	\$ 517,200	\$ 525,344	\$ (8,144)
Zoning administrator	<u>6,190</u>	<u>6,090</u>	<u>6,083</u>	<u>7</u>
Total Public Safety	<u>517,230</u>	<u>523,290</u>	<u>531,427</u>	<u>(8,137)</u>
Public Works:				
Public improvements	11,330	9,970	10,268	(298)
Public Works Department	<u>68,980</u>	<u>54,310</u>	<u>55,675</u>	<u>(1,365)</u>
Total Public Works	<u>80,310</u>	<u>64,280</u>	<u>65,943</u>	<u>(1,663)</u>
Sanitation:				
Rubbish/recycling	<u>8,500</u>	<u>23,170</u>	<u>23,083</u>	<u>87</u>
Culture – Recreation:				
Library	171,460	171,000	171,739	(739)
Pool	82,420	79,150	78,911	239
Parks	73,970	76,710	70,357	6,353
Boys Scouts	2,100	1,500	1,407	93
Festival/recreation	26,500	41,240	42,872	(1,632)
Urban forestry	<u>107,920</u>	<u>111,630</u>	<u>115,647</u>	<u>(4,017)</u>
Total Culture – Reereation	464,370	481,230	480,933	297
Debt service - interest	<u> </u>	<u> </u>	<u>100</u>	<u>(100)</u>
Total expenditures	<u>1,305,480</u>	<u>1,366,240</u>	<u>1,373,353</u>	<u>(7,113)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>67,580</u>	<u>47,530</u>	<u>28,324</u>	<u>(19,206)</u>
Other financing sources (uses):				
Transfers in	10,900	26,120	3,810	(22,310)
Transfers out	<u>(76,100)</u>	<u>(72,810)</u>	<u>(15,000)</u>	<u>57,810</u>
Total other financing sources (uses)	<u>(65,200)</u>	<u>(46,690)</u>	<u>(11,190)</u>	<u>35,500</u>
Net change in fund balance	2,380	840	17,134	16,294
Fund balance -- beginning of year			<u>7,883</u>	
Fund balance – end of year			<u>\$ 25,017</u>	

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN
MAJOR STREET SPECIAL REVENUE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
State Highway Funds – Act 51	\$ 150,000	\$ 158,420	\$ 158,347	\$ (73)
State Highway Funds – trunkline maintenance	10,000	10,240	9,753	(487)
Miscellaneous:				
Interest	<u>2,400</u>	<u>2,580</u>	<u>2,575</u>	<u>(5)</u>
Total revenues	<u>162,400</u>	<u>171,240</u>	<u>170,675</u>	<u>(565)</u>
Expenditures:				
Administration	13,620	14,500	14,223	277
Maintenance	50,330	78,640	80,376	(1,736)
Traffic	8,910	8,200	8,473	(273)
Winter maintenance	12,620	22,970	22,934	36
223 Highway	14,830	15,600	14,701	899
Municipal street lighting	<u>29,000</u>	<u>24,890</u>	<u>27,181</u>	<u>(2,291)</u>
Total expenditures	<u>129,310</u>	<u>164,800</u>	<u>167,888</u>	<u>(3,088)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,090</u>	<u>6,440</u>	<u>2,787</u>	<u>(3,653)</u>
Other financing sources (uses):				
Transfers in	29,000	23,200	23,208	8
Transfers out	<u>(60,000)</u>	<u>(55,000)</u>	<u>(55,000)</u>	
Total other financing sources (uses)	<u>(31,000)</u>	<u>(31,800)</u>	<u>(31,792)</u>	<u>8</u>
Net change in fund balance	2,090	(25,360)	(29,005)	(3,645)
Fund balance – beginning of year			<u>120,606</u>	
Fund balance – end of year			<u>\$ 91,601</u>	

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

LOCAL STREET SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL

For the Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 419,820	\$ 420,000	\$ 402,396	\$ (17,604)
Intergovernmental:				
State Highway Funds – Act 51	52,200	55,350	55,313	(37)
Miscellaneous:				
Sales to individuals			1,354	1,354
Interest	18,000	6,020	6,121	101
Miscellaneous	<u>13,000</u>	<u>10,200</u>	<u>10,170</u>	<u>(30)</u>
Total revenues	<u>503,020</u>	<u>491,570</u>	<u>475,354</u>	<u>(16,216)</u>
Expenditures:				
Administration	82,490	78,830	78,861	(31)
Maintenance	57,590	204,850	214,589	(9,739)
Traffic	8,610	6,390	5,521	869
Winter maintenance	12,750	20,820	20,817	3
Municipal street lighting	<u>33,000</u>	<u>30,380</u>	<u>33,397</u>	<u>(3,017)</u>
Total expenditures	<u>194,440</u>	<u>341,270</u>	<u>353,185</u>	<u>(11,915)</u>
Excess of revenues over expenditures	<u>308,580</u>	<u>150,300</u>	<u>122,169</u>	<u>(28,131)</u>
Other financing uses:				
Transfers in	16,100	16,100		(16,100)
Transfers out	<u>(260,000)</u>	<u>(226,480)</u>	<u>(232,073)</u>	<u>(5,593)</u>
Total other financing uses (sources)	<u>(243,900)</u>	<u>(210,380)</u>	<u>(232,073)</u>	<u>(21,693)</u>
Net change in fund balance	64,680	(60,080)	(109,904)	(49,824)
Fund balance – beginning of year			<u>384,107</u>	
Fund balance – end of year			<u>\$ 274,203</u>	

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

September 30, 2008

(With Comparative Figures from September 30, 2007)

<u>ASSETS</u>	<u>Business Type Activity - Enterprise Fund</u>		<u>Governmental Activity - Internal Service Fund</u>	
	Utility		Motor Vehicle	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current assets:				
Cash/savings accounts	\$ 11,402	\$ 123,868	\$ 19,596	\$ 44,654
Investments	134,084	781	114,584	75,312
Accounts receivable	179,257	184,737		
Due from other funds	25,000	19		5
Inventory	<u>35,611</u>	<u>35,712</u>		
Total current assets	<u>385,354</u>	<u>345,117</u>	<u>134,180</u>	<u>119,971</u>
Noncurrent assets:				
Restricted assets:				
Cash/savings accounts		41,305		
Investments	<u>127,400</u>	<u>76,820</u>		
Total restricted assets	<u>127,400</u>	<u>118,125</u>	<u>-</u>	<u>-</u>
Capital assets:				
Utility systems	14,279,534	14,227,676		
Equipment	199,356	199,356	913,272	911,603
Less: Accumulated depreciation	<u>(3,200,453)</u>	<u>(2,941,307)</u>	<u>(779,447)</u>	<u>(749,275)</u>
Total capital assets – net	<u>11,278,437</u>	<u>11,485,725</u>	<u>133,825</u>	<u>162,328</u>
Total noncurrent assets	<u>11,405,837</u>	<u>11,603,850</u>	<u>133,825</u>	<u>162,328</u>
Total assets	<u>\$ 11,791,191</u>	<u>\$ 11,948,967</u>	<u>\$ 268,005</u>	<u>\$ 282,299</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

September 30, 2008

(With Comparative Figures for September 30, 2007)

LIABILITIES AND NET ASSETS	Business Type Activity - Enterprise Fund		Governmental Activity - Internal Service Fund	
	Utility		Motor Vehicle	
	2008	2007	2008	2007
Current liabilities:				
Accounts payable	\$ 21,165	\$ 9,271	\$ 671	\$ 7,747
Accrued expenses	36,160	24,601	2,253	1,204
Customer deposits	48,278	48,942		
Due to other funds	256,629	205,208	2,473	123
Revenue bonds payable	105,000	105,000		
General obligation bonds payable	265,000	255,000		
Accumulated leave	19,777	17,874		
Total current liabilities	752,009	665,896	5,397	9,074
Current liabilities payable from restricted assets:				
Accrued interest	10,039	5,292	-	-
Noncurrent liabilities:				
Revenue bonds payable	1,851,011	1,956,011		
General obligation bonds payable	3,355,000	3,620,000		
Total noncurrent liabilities	5,206,011	5,576,011	-	-
Total liabilities	5,968,059	6,247,199	5,397	
Net assets:				
Invested in capital assets, net of related debt	5,702,426	5,549,714	133,825	162,328
Restricted for debt service	117,361	112,833		
Unrestricted	3,345	39,221	128,783	110,897
Total net assets	\$ 5,823,132	\$ 5,701,768	\$ 262,608	\$ 273,225

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

For the Year Ended September 30, 2008

(With Comparative Figures for September 30, 2007)

	<u>Business Type Activity - Enterprise Fund</u>		<u>Governmental Activity - Internal Service Fund</u>	
	<u>Utility</u>		<u>Motor Vehicle</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Operating revenues:				
Sales	\$ 1,756,307	\$ 1,640,699	\$ 125,126	\$ 126,761
Equipment rental			20,000	20,000
Service charges	19,381	23,560		
Tank water	33,295	31,730		
Interest/late charges	28,751	28,094	2,827	4,017
Miscellaneous	128,218	5,711	11,309	4,340
State grant	85,040			
Total operating revenues	<u>2,050,992</u>	<u>1,729,794</u>	<u>159,262</u>	<u>155,118</u>
Operating expenses:				
Administration	135,354	114,607		
Water Department	894,746	697,904		
Sewer Department	318,703	237,842		
Collection – sewer	125,359	96,865		
Wages and fringes			32,372	28,904
Materials and supplies			52,662	38,943
Maintenance and repairs			20,683	22,531
Insurance			8,500	8,390
Depreciation	259,146	261,953	52,414	52,979
Miscellaneous			248	372
Total operating expenses	<u>1,733,308</u>	<u>1,409,171</u>	<u>166,879</u>	<u>152,119</u>
Operating income	<u>317,684</u>	<u>320,623</u>	<u>(7,617)</u>	<u>2,999</u>
Nonoperating revenues (expenses):				
Interest expense	(171,020)	(175,535)		
Bond agent expense	(300)	(300)		
Transfers out	(50,000)	(135,000)	(3,000)	(10,000)
Transfers in	25,000			
Total nonoperating revenues (expenses)	<u>(196,320)</u>	<u>(310,835)</u>	<u>(3,000)</u>	<u>(10,000)</u>
Change in net assets	121,364	9,788	(10,617)	(7,001)
Total net assets – beginning of year	<u>5,701,768</u>	<u>5,691,980</u>	<u>273,225</u>	<u>280,226</u>
Total net assets – end of year	<u>\$ 5,823,132</u>	<u>\$ 5,701,768</u>	<u>\$ 262,608</u>	<u>\$ 273,225</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended September 30, 2008
(With Comparative Figures for September 30, 2008)

INCREASE IN CASH AND CASH EQUIVALENTS

	<u>Business Type Activity - Enterprise Fund</u>		<u>Governmental Activity - Internal Service Fund</u>	
	<u>Utility</u>		<u>Motor Vehicle</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:				
Cash received from customers	\$ 2,027,721	\$ 1,634,378	\$ 156,440	\$ 151,656
Cash paid to suppliers/employees	(1,418,182)	(950,722)	(118,142)	(92,880)
Interest received	<u>28,751</u>	<u>28,094</u>	<u>2,827</u>	<u>4,017</u>
Net cash provided by operating activities	<u>638,290</u>	<u>711,750</u>	<u>41,125</u>	<u>62,793</u>
Cash flows from capital and related financing activities:				
Capital expenditures	(51,858)		(23,911)	(47,992)
Bonds paid off	(360,000)	(350,000)		
Interest expense	(171,020)	(175,535)		
Bond agent fees	(300)	(300)		
Transfers out	(50,000)	(135,000)	(3,000)	(10,000)
Transfers in	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(608,178)</u>	<u>(660,835)</u>	<u>(26,911)</u>	<u>(57,992)</u>
Net increase in cash and cash equivalents	30,112	50,915	14,214	4,801
Cash and cash equivalents at beginning of year	<u>242,774</u>	<u>191,859</u>	<u>119,966</u>	<u>115,165</u>
Cash and cash equivalents at end of year	<u>\$ 272,886</u>	<u>\$ 242,774</u>	<u>\$ 134,180</u>	<u>\$ 119,966</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended September 30, 2008
(With Comparative Figures for September 30, 2007)

RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES

	<u>Business Type Activity - Enterprise Fund</u>		<u>Governmental Activity - Internal Service Fund</u>	
	<u>Utility</u>		<u>Motor Vehicle</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Operating income	\$ 317,684	\$ 320,623	\$ (7,617)	\$ 2,999
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	259,146	261,953	52,414	52,979
Change in Assets and Liabilities:				
(Increase) decrease in accounts receivable	5,480	(67,322)		
(Increase) decrease in due from other funds	(24,981)		5	555
(Increase) decrease in inventory	101	(4,880)		
Increase (decrease) in accounts payable and other liabilities	78,957	198,882	(3,677)	6,260
Increase (decrease) in accrued leave	1,903	2,494		
Total adjustments	320,606	391,127	48,742	59,794
Net cash provided by operating activities	\$ 638,290	\$ 711,750	\$ 41,125	\$ 62,793

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS – AGENCY TYPE

September 30, 2008

<u>ASSETS</u>	<u>Trust And Agency</u>	<u>Payroll</u>	<u>Garbage Collection</u>
Cash/savings accounts	\$	\$ 39,828	\$ 3,573
Due from other funds		3,493	
Inventory – tags			2,301
Total assets	<u>\$ -</u>	<u>\$ 43,321</u>	<u>\$ 5,874</u>
 <u>LIABILITIES AND NET ASSETS</u>			
Due to other funds	\$	\$ 40,000	\$ 5,874
Due to other governments		3,310	
Due to DDA		11	
Total liabilities	<u>\$</u>	<u>\$ 43,321</u>	<u>\$ 5,874</u>
Net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Blissfield, Michigan have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

A. Reporting Entity

The Village of Blissfield is a Michigan Municipal Corporation governed by the Village Council. The accompanying financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely presented component unit.

Downtown Development Authority (DDA) was created as a separate legal entity under Public Act 197 of 1975 of the State of Michigan. The purpose of the DDA is to plan and develop the downtown area of the Village and to attract new businesses and residents. The governing body of DDA is appointed by the Village Council for a fixed term. The Village approves the annual budget and any capital projects of DDA. Prior approval by the Village is needed on any taxation by DDA. And, the Village's approval is needed for any borrowing done by DDA. The Downtown Development Authority is presented as a governmental fund type.

Separate financial statements for the component unit are not available.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component unit* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and a major individual utility fund are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Amounts due from other governments and services provided associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Major Streets Fund* is a Special Revenue Fund that receives State and local funding for the purpose of construction and maintenance of Village streets designated as major streets under State of Michigan Act 51 of Public Acts of 1951.

The *Local Streets Fund* is a Special Revenue Fund that receives State and local funding for the purpose of construction and maintenance of Village streets designated as local streets under State of Michigan Act 51 of Public Acts of 1951. Also, receives property tax revenue restricted for street improvements.

The government reports the following major proprietary fund:

The *Utility Fund* accounts for the acquisition, operation, and maintenance of the Village's sewage treatment plant, pumping stations, and collection systems, and the water plant and water distribution system.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the government reports the following fund types:

The *Capital Projects Fund* is used to account for the acquisition and construction of major capital projects other than those financed by proprietary funds and trust funds.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Special Revenue Funds (Building Inspection and Library Trust) are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

The *Internal Service Fund* (Motor Vehicle) accounts for equipment expense by which other government funds reimburse through equipment rental charges.

Permanent Funds (Police Equipment, Bachmayer Little League, and Clara Bachmayer Memorial Park) are fiduciary fund types used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Village's programs – that is the benefit of the Village or its citizenry.

Fiduciary Funds – Agency Type (Trust and Agency, Payroll, and Garbage Collection) account for assets held by the Village acting as an agent for individuals, private organizations, other governments, and/or other funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities (utility and motor vehicle funds), subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments of utility charges between the Village's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various function concerned.

Amounts reported as *program revenues* included 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utility Fund are charges to customers for sales and services. Operating expenses for the funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Assets, liabilities, and net assets or equity.

1. Cash and investments

Cash includes amounts in cash on hand, demand deposits, except those deposits noted as investments (see below), as well as short-term investments with a maturity date within three months of the date acquired by the government.

Investments include money market and certificates of deposit where the intent is to hold funds long-term, as well as investments with maturity dates over three months of the date acquired by the government.

State statutes authorize the government to invest in Obligations of the U.S. Treasury, Federal Agencies, commercial paper, corporate bonds, repurchase agreements, and State approved Investment Pools.

Investments are stated at cost or amortized cost. The Village Council will use amortized cost only when it reflects fair value of the investment. Currently, no investments are stated at amortized cost.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The Village had one advance between funds at September 30, 2008.

Personal property taxes receivable is shown net of an allowance for uncollectibles.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes are levied as of July 1 on property values assessed as of the prior December 1. The billing is mailed on July 1 and is considered due upon receipt by the taxpayer; however, the actual due date is September 14. A lien on property occurs when property taxes are levied (July 1). On September 14, the bill becomes delinquent and penalties and interest may be assessed by the government.

The Village had a general tax millage of 9.7072 for 2008. The Village's maximum allowable millage is 12.5 mills. It also levied 4.5143 mills for the general highway fund of which the maximum allowable is 5 mills.

Delinquent real property taxes are turned over to the County and reimbursed through a revolving fund. Therefore, property taxes receivable are not accounted for under the 60 day rule.

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

Certain proceeds of utility fund revenue bonds and general obligations bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The bond interest and redemption account is used to segregate resources accumulated for debt service payments. The bond reserve account is used to report resources set aside to make debt service payment on bonds which would otherwise be in default.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant, and equipment of the primary government, as well as the component unit, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20 – 50
Buildings	50
Machinery, equipment, and furnishings	10 – 20
Utility systems	10 – 100
Infrastructure	20 – 100

6. Compensated absences

Employees of the Village can accumulate paid time off (PTO) up to a maximum of 150% of the number of accrued PTO hours per longevity schedule in employee contract, and employees have a vested right to 100% of accumulated paid time off in the event of death or retirement, and have a 50% vested right to accumulative sick leave.

The current portion (the amount normally expected to be liquidated with expendable available financial resources) of accrued sick and PTO are shown as a liability and expenditure in the applicable governmental fund types. The entire accrued sick and PTO pay related to governmental fund types is reported in the government-wide statements.

In the proprietary funds as well as in the government-wide statements, the vested sick and PTO pay are recorded as an expense and liability of those funds as the benefits accrue to employees.

7. Long-term obligations

In the governmental-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements, governmental fund types recognize any bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2008

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The accounting basis used by the Village for budgeting is in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Village follows the budgetary procedures outlined by the State of Michigan including public hearings and proper adoption. All funds of the Village have a budget. All annual appropriations lapse at fiscal year end. The budgets are amended during the year as needed.

B. Excess of expenditures over appropriations in budgetary funds

P.A. 621 of 1978, Section 18(1), as amended, of the State of Michigan provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the Village for these budgetary funds were adopted to the activity level.

During the year ended September 30, 2008, the Village incurred expenditures in several funds which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund			
General Government:			
Administrator	\$ 29,960	\$ 30,423	\$ 463
Professional service	29,000	30,343	1,343
Public safety:			
Police	517,200	525,344	8,144
Public Works:			
Public improvements	9,970	10,268	298
Public Works Department	54,310	55,675	1,365
Culture -- Recreation:			
Library	171,000	171,739	739
Festival/recreation	41,240	42,872	1,632
Urban forestry	111,630	115,647	4,017
Major Street Fund:			
Maintenance	78,640	80,376	1,736
Traffic	8,200	8,473	273
Municipal street lighting	24,890	27,181	2,291
Local Street Fund:			
Administration	78,830	78,861	31
Maintenance	204,850	214,589	9,739
Municipal street lighting	30,380	33,397	3,017

These additional expenditures were funded by greater than anticipated revenues. Several funds had actual expenditures exceeding budget.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2008

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

As of September 30, 2008, the Village had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Matures</u> <u>(In Years)</u>
		<u>0 - 5</u>
Savings, Money Market Certificates of Deposit	\$ <u>1,972,428</u>	\$ <u>1,972,428</u>

Interest Rate Risk – Currently, the Village limits this risk by having many of the above investments with short term maturities; many have less than one year.

Credit Risk – The Village limits credit risk by allowing investments and deposits only in certificates of deposit, money market accounts, savings accounts, and checking accounts.

Concentrations of Credit Risk – The Village's investment policy does not limit the amount of investment with any one issuer. The Village has approximately 34% of its deposits with Blissfield State Bank and 45% with LaSalle Bank at September 30, 2008. LaSalle Bank held 47% of the Village's investments, Blissfield State Bank held 32% of the investments, and United Bank and Trust held 21% of the investments at September 30, 2008. In the majority of cases, one of these three banks account for the majority of investments or deposits in a particular fund of the Village.

Custodial Credit Risk – Deposits – Custodial Credit Risk is the risk that in the event of a bank failure, the deposits or investments may not be fully returned to the Village. Neither the Village nor the discretely presented component unit have a policy limiting custodial credit risk, other than authorizing the depositories used. As of September 30, 2008, the Village's total bank balance of \$741,641 had exposure to custodial credit risk on \$441,641 of this balance because it was uninsured.

Custodial Credit Risk – Investments – As of September 30, 2008, the investments of the Village totaled \$1,972,428. Of this balance \$1,672,428 was exposed to custodial credit risk because they were uninsured.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2008

NOTE 3. DETAILED NOTES ON ALL FUNDS

B. Receivables

Receivables as of year end for the government's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Utility Fund</u>	<u>Total</u>
Receivables:					
Accounts	\$ 53,771	\$	\$	\$ 179,257	\$ 233,028
Special assessments	<u> </u>	<u>2,816</u>	<u>81,336</u>	<u> </u>	<u>84,152</u>
Gross receivables	53,771	2,816	81,336	179,257	317,180
Less: Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$ 53,771</u>	<u>\$ 2,816</u>	<u>\$ 81,336</u>	<u>\$ 179,257</u>	<u>\$ 317,180</u>

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2008

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital assets

Capital asset activity for the year ended September 30, 2008 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 298,271	\$	\$	\$ 298,271
Total capital assets, not being depreciated	<u>298,271</u>			<u>298,271</u>
Capital assets, being depreciated:				
Land improvements	861,918			861,918
Buildings	1,028,935			1,028,935
Equipment, furniture, and books	1,545,529	23,911	(22,242)	1,547,198
Infrastructure	<u>11,193,955</u>			<u>11,193,955</u>
Total capital assets, being depreciated	<u>14,630,337</u>	<u>23,911</u>	<u>(22,242)</u>	<u>14,632,006</u>
Less: Accumulated depreciation for:				
Land improvements	(303,457)	(20,902)		(324,359)
Buildings	(625,286)	(20,678)		(645,964)
Equipment, furniture, and books	(1,211,922)	(91,678)	22,242	(1,281,358)
Infrastructure	<u>(6,563,338)</u>	<u>(594,624)</u>		<u>(7,157,962)</u>
Total accumulated depreciation	<u>(8,704,003)</u>	<u>(727,882)</u>	<u>22,242</u>	<u>(9,409,643)</u>
Total capital assets, being depreciated, net	<u>5,926,334</u>	<u>(703,971)</u>	<u>-</u>	<u>5,222,363</u>
Governmental activities, capital assets – net	<u>\$ 6,224,605</u>	<u>\$ (703,971)</u>	<u>\$ -</u>	<u>\$ 5,520,634</u>

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2008

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, being depreciated:				
Utility systems	\$ 14,227,676	\$ 51,859	\$	\$ 14,279,535
Equipment	<u>199,356</u>	<u></u>	<u></u>	<u>199,356</u>
Total capital assets, being depreciated	<u>14,427,032</u>	<u>51,859</u>	<u>-</u>	<u>14,478,891</u>
Less: Accumulated depreciation for:				
Utility systems	(2,789,822)	(247,339)		(3,037,161)
Equipment	<u>(151,485)</u>	<u>(11,807)</u>	<u></u>	<u>(163,292)</u>
Total accumulated depreciation	<u>(2,941,307)</u>	<u>(259,146)</u>	<u>-</u>	<u>(3,200,453)</u>
Total capital assets, being depreciated – net	<u>\$ 11,485,725</u>	<u>\$ (207,287)</u>	<u>\$ -</u>	<u>\$ 11,278,438</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 25,234
Public safety	27,355
Culture and recreation	79,971
Highways and streets	<u>595,322</u>

Total depreciation expense –
governmental activities \$ 727,882

Business-type activities:

Utility systems \$ 259,146

Total depreciation expense –
business-type activities \$ 259,146

Construction commitments

The government has no active construction commitments as of September 30, 2008.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2008

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

Discretely presented component unit:

Capital asset activity for the Downtown Development Authority (DDA) for the year ended September 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Land improvements – parking lots	\$ 869,885	\$	\$	\$ 869,885
Less: Accumulated depreciation for:				
Land improvements – parking lots	<u>(183,444)</u>	<u>(17,397)</u>	<u> </u>	<u>(200,841)</u>
DDA capital assets – net	<u>\$ 686,441</u>	<u>\$ (17,397)</u>	<u>\$ -</u>	<u>\$ 669,044</u>

D. Interfund receivables, payables, and transfers

Primary Government

Due to/from other funds:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 52,283	Motor Vehicle	\$ 2,350
		Police Trust	3,014
		Payroll	40,000
		Utility	1,045
		Garbage	5,874
Local Street	184,384	Utility	184,384
Capital projects	70,000	Utility	70,000
Payroll	3,493	General	1,627
		Major Street	267
		Utility	1,200
		Motor Vehicle	123
Utility	<u>25,000</u>	Local Street	<u>25,276</u>
Total primary government	<u>\$ 335,160</u>		<u>\$ 335,160</u>

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2008

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

Component Unit

Due to/from other funds:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 47,000	DDA	\$ 47,000
DDA	11	Payroll	11
Capital projects	23,000	DDA	23,000
Total component unit	<u>\$ 70,011</u>		<u>\$ 70,011</u>

Advance to/from other funds:

<u>Fund</u>	<u>Advance Receivable</u>	<u>Fund</u>	<u>Advance Payable</u>
Local street	<u>\$ 112,000</u>	General	<u>\$ 112,000</u>

Terms on this loan/advance (original amount of \$160,000) are - ten (10) year payback period with annual payment of \$16,100 (including interest at 0.1%), commencing March 31, 2006. Proceeds from this advance were used to purchase property.

Interfund transfers:

		<u>Transfers In</u>				
Transfers out:	<u>General</u>	<u>Major Street</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Utility</u>	<u>Total</u>
Utility	\$	\$	\$ 50,000	\$	\$	\$ 50,000
Local street		23,208	22,000	161,865	25,000	232,073
Little League	1,574					1,574
Clara Bachmayer	2,236					2,236
Major street			10,000	45,000		55,000
General			15,000			15,000
Motor Vehicle			3,000			3,000
	<u>\$ 3,810</u>	<u>\$ 23,208</u>	<u>\$ 100,000</u>	<u>\$ 206,865</u>	<u>\$ 25,000</u>	<u>\$ 358,883</u>

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2008

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term debt

General Obligation Bonds

The Village has issued general obligation bonds to finance capital improvements related to streets, parking lots, and utility systems. The original amount of general obligation bonds issued in prior years was \$5,500,000. During the year, general obligation bonds and purchase contract totaling \$3,150,000 were issued.

Also, Downtown Development Authority (DDA) has issued a limited general obligation bond issue for \$685,000 for construction of parking lots.

Annual debt service requirements to maturity for general obligation bonds and contract purchase are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Component Unit – DDA</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 115,000	\$ 114,320	\$ 265,000	\$ 90,500	\$ 64,041	\$ 31,855
2010	120,000	110,525	270,000	83,875	69,775	27,972
2011	125,000	106,325	275,000	77,125	75,536	23,711
2012	130,000	101,700	285,000	70,250	81,327	19,070
2013	135,000	96,630	290,000	63,125	82,146	13,989
2014 – 2018	780,000	393,290	1,555,000	203,500	125,000	13,490
2019 – 2023	570,000	128,920	680,000	25,625		
2024 – 2025	<u>220,000</u>	<u>11,220</u>				
	<u>\$ 2,195,000</u>	<u>\$ 1,062,930</u>	<u>\$ 3,620,000</u>	<u>\$ 614,000</u>	<u>\$ 497,825</u>	<u>\$ 130,087</u>

General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds and purchase contract currently outstanding are as follows:

<u>Purpose:</u>	<u>Interest Rate</u>	<u>Amount</u>
Governmental activities	3.73% - 4.48%	\$ 2,195,000
Business-type activities	2.5%	<u>3,620,000</u>
Total – Primary Government		\$ 5,815,000
Component unit (DDA)	3.73% - 6.965%	<u>497,825</u>
Total		<u>\$ 6,312,825</u>

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2008

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

The Village also has issued bonds where the Village has pledged income derived from the acquired or constructed assets to pay debt service. In prior years, the Village has issued revenue bonds totaling \$2,716,033 to finance construction projects for both the water and wastewater systems.

Revenue bonds outstanding at September 30, 2008 are as follows:

<u>Purpose:</u>	<u>Interest Rate</u>	<u>Amount</u>
Wastewater Treatment Plant improvements	5.1436%	\$ 790,000
Water System improvements	2.5%	<u>1,166,011</u>
Total		<u>\$ 1,956,011</u>

Revenue bond debt service requirements to maturity are as follows

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 105,000	\$ 70,181
2010	110,000	67,056
2011	115,000	63,731
2012	115,000	60,166
2013	120,000	56,600
2014 – 2018	675,000	222,994
2019 – 2023	481,011	113,332
2024 – 2027	<u>235,000</u>	<u>31,460</u>
Total	<u>\$ 1,956,011</u>	<u>\$ 685,520</u>

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2008

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

CHANGES IN LONG TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 2,305,000	\$	\$ 110,000	\$ 2,195,000	\$ 115,000
Accrued sick and vacation	<u>93.004</u>	<u> </u>	<u>2.960</u>	<u>90.044</u>	<u>64.532</u>
Governmental activity - long-term liability	<u>\$ 2,398,004</u>	<u>\$ -</u>	<u>\$ 112,960</u>	<u>\$ 2,285,044</u>	<u>\$ 179,532</u>
Business-type activities:					
General obligation bonds	\$ 3,875,000	\$	\$ 255,000	\$ 3,620,000	\$ 265,000
Revenue bonds	<u>2,061,011</u>	<u> </u>	<u>105,000</u>	<u>1,956,011</u>	<u>105,000</u>
Total bonds payable	5,936,011	-	360,000	5,576,011	370,000
Accrued sick and vacation	<u>17.874</u>	<u>1.903</u>	<u> </u>	<u>19.777</u>	<u>19,777</u>
Business-type activity - long-term liability	<u>\$ 5,953,885</u>	<u>\$ 1,903</u>	<u>\$ 360,000</u>	<u>\$ 5,595,788</u>	<u>\$ 389,777</u>

CHANGES IN LONG TERM LIABILITIES

Component unit (DDA):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Component unit – long term liabilities	<u>\$ 556,161</u>	<u>\$ -</u>	<u>\$ 58,336</u>	<u>\$ 497,825</u>	<u>\$ 64,041</u>

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2008

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

F. Segment information

The Village maintains two Utility Systems which provide water and sewer services. Segment information for the year ended September 30, 2008 is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues	\$ 1,066,516	\$ 984,476	\$ 2,050,992
Depreciation expense and amortization	202,031	57,115	259,146
Operating income	(97,938)	415,622	317,684
Net income	(223,105)	344,469	121,364
Property, plant, and equipment additions	51,859		51,859
Net working capital	(98,461)	76,806	(21,655)
Total assets	7,444,661	4,346,530	11,791,191
Bonds and other long term liabilities:			
Payable from operating revenues	4,786,011	790,000	5,576,011
Total net assets	\$ 2,390,081	\$ 3,433,051	\$ 5,823,132

NOTE 4. OTHER INFORMATION

Retirement Plan

A. Plan description

The Village contributes to the Michigan Municipal Employees' Retirement System (MERS), an agent multi-employer defined benefit pension plan, which provides retirement benefits to all full-time employees of the Village. MERS is administered by its Board of Trustees. The actuary for the System is the Gabriel, Roeder, Smith & Company. The Municipal Employees' Retirement Act of 1984, as amended by 1996 Public Act 220 of the State of Michigan, assigns the authority to establish and amend the benefit provisions of the plans that participate in MERS to the respective employer entities; for the Village of Blissfield, that authority rests with the Village. The Municipal Employees' Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to Municipal Employees' Retirement System of Michigan, 447 North Canal Road, Lansing, Michigan 48917.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2008

NOTE 4. OTHER INFORMATION (Continued)

B. Funding policy

Employees make no contributions to the MERS Plan. The Village is required to contribute the actuarially determined amount each year. The current contribution rate is 11.6% of annual covered payroll. The contribution requirements of the Village of Blissfield are established and may be amended by the Board of Trustees of MERS.

C. Annual pension cost

For the year ended September 30, 2008, the Village's required annual pension contribution was \$112,719. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included -

[a] 8.0% investment rate of return,

[b] projected salary increases of 4.5% per year compounded annually,

The actuarial value of MERS' assets was determined using techniques that smooth the effects of short term volatility in the market value of investments over a five year period.

The unfunded actuarial accrual liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period is 29 years.

Three Year Trend Information

Fiscal Year <u>Ending</u>	Annual Required <u>Contribution (ARC)</u>	Percentage of ARC Recognized	Net Pension Obligation
6/30/06	90,697	100%	-0-
6/30/07	106,601	100%	-0-
6/30/08	112,719	100%	-0-

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2008

NOTE 4. OTHER INFORMATION (Continued)

D. Actuarial Accrued Liability (as of 12/31/07)

Retirees and beneficiaries currently receiving benefits	\$ 688,412
Terminated employees not yet receiving benefits	15,690
Current employees --	
Accumulated employee contributions including	
allocated investment income	334,388
Employer financed	<u>1,636,139</u>
Total Actuarial Accrued Liability	2,674,629
Net Assets Available for Benefits at Actuarial Value	<u>2,370,943</u>
(Market Value is \$2,398,601)	
Unfunded (Overfunded) Actuarial Accrued Liability	<u>\$ 303,686</u>

VILLAGE OF BLISSFIELD, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION

September 30, 2008

VILLAGE'S DEFINED BENEFIT PENSION PLAN (MERS)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) Entry Age [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/03	\$ 1,689,353	\$ 2,022,091	\$ 332,738	83.5%	\$ 756,260	44.0%
12/31/04	1,821,268	2,166,171	344,903	84.1%	783,506	44.0%
12/31/05	1,972,761	2,365,724	392,963	83.3%	797,967	49.2%
12/31/06	2,159,162	2,469,811	310,649	87.4%	895,859	34.6%
12/31/07	2,370,943	2,674,629	303,686	88.6%	913,902	33.2%

VILLAGE OF BLISSFIELD, MICHIGAN

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2008

	CAPITAL PROJECTS	DEBT SERVICE	SPECIAL REVENUE FUNDS			PERMANENT FUNDS				Total Nonmajor Governmental Funds
	Capital Projects	Debt Service	Building Inspection	Library	Total	Police Equipment	Bachmayer Little League	Clara Bachmayer Memorial Park	Total	
ASSETS:										
Cash	\$ 87,704	\$ 6,220	\$ 6,014	\$ 18,255	\$ 24,269	\$ 215	\$ 261	\$ 365	\$ 841	\$ 119,034
Investments	22,042			243,991	243,991	25,006	36,000	51,000	112,006	378,039
Due from other funds	70,000									70,000
Due from component unit	23,000									23,000
Total assets	\$ 202,746	\$ 6,220	\$ 6,014	\$ 262,246	\$ 268,260	\$ 25,221	\$ 36,261	\$ 51,365	\$ 112,847	\$ 590,073
LIABILITIES:										
Accounts payable	\$	\$	\$ 1,456	\$	\$ 1,456	\$	\$	\$	\$	\$ 1,456
Due to other funds						3,014			3,014	3,014
Total liabilities			1,456		1,456	3,014			3,014	4,470
FUND BALANCES:										
Reserved for police Equipment						22,207	36,000		22,207	22,207
Reserved for little league Reserved for Memorial Park									36,000	36,000
Reserved for capital projects	202,746							51,000	51,000	51,000
Reserved for Debt Service		6,220								202,746
Unreserved, undesignated			4,558	262,246	266,804		261	365	626	6,220
Total fund balances	202,746	6,220	4,558	262,246	266,804	22,207	36,261	51,365	109,833	585,603
Total liabilities and fund balances	\$ 202,746	\$ 6,220	\$ 6,014	\$ 262,246	\$ 268,260	\$ 25,221	\$ 36,261	\$ 51,365	\$ 112,847	\$ 590,073

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2008

	CAPITAL PROJECTS	DEBT SERVICE	SPECIAL REVENUE FUNDS			PERMANENT FUNDS				Total Nonmajor Governmental Funds
	Capital Projects	Debt Service	Building Inspection	Library	Total	Police Equipment	Bachmayer Little League	Clara Bachmayer Memorial Park	Total	
Revenues:										
Interest	\$ 1,564	\$ 177	\$ 328	\$ 9,441	\$ 9,769	\$ 1,085	\$ 1,580	\$ 2,244	\$ 4,909	\$ 16,419
Gifts				29,774	29,774					29,774
Fines				5,129	5,129					5,129
Licenses, fees and charges for services:										
Fee revenue			22,465		22,465					22,465
Miscellaneous				3,200	3,200					3,200
Total revenues	1,564	177	22,793	47,544	70,337	1,085	1,580	2,244	4,909	76,987
Expenditures:										
Current:										
Public safety:										
Inspections			44,198		44,198					44,198
Culture and recreation:										
Library				20,656	20,656					20,656
Debt Services:										
Principal		110,000								110,000
Interest and agent fees		96,865								96,865
Total expenditures	-	206,865	44,198	20,656	64,854					271,719
Excess (deficiency) of revenues over (under) expenditures	1,564	(206,688)	(21,405)	26,888	5,483	1,085	1,580	2,244	4,909	(194,732)
Other financing sources:										
Transfers in	100,000	206,865					(1,574)	(2,236)	(3,810)	306,865
Transfers out										(3,810)
Net change in fund balances	101,564	177	(21,405)	26,888	5,483	1,085	6	8	1,099	108,323
Fund balances – beginning of year	101,182	6,043	25,963	235,358	261,321	21,122	36,255	51,357	108,734	477,280
Fund balances – end of year	\$ 202,746	\$ 6,220	\$ 4,558	\$ 262,246	\$ 266,804	\$ 22,207	\$ 36,261	\$ 51,365	\$ 109,833	\$ 585,603

VILLAGE OF BLISSFIELD, MICHIGAN

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL

For the Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ _____	\$ 1,570	\$ 1,564	\$ (6)
Total revenues	_____ -	_____ 1,570	_____ 1,564	_____ (6)
Expenditures:				
Miscellaneous	_____	_____	_____	_____
Total expenditures	_____ -	_____ -	_____ -	_____ -
Excess (deficiency) of revenues over (under) expenditures	_____ -	_____ 1,570	_____ 1,564	_____ (6)
Other financing sources:				
Transfers in	_____ 100,000	_____ 100,000	_____ 100,000	_____
Net change in fund balance	100,000	101,570	101,564	(6)
Fund balance – beginning of year			_____ 101,182	
Fund balance – end of year			<u>\$ 202,746</u>	

VILLAGE OF BLISSFIELD, MICHIGAN

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL

For the Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ -	\$ 180	\$ 177	\$ (3)
Total revenues	-	180	177	(3)
Expenditures:				
Debt Service:				
Principal	110,000	110,000	110,000	-
Interest	117,730	96,870	96,865	5
Bond agent fees	500			
Total expenditures	228,230	206,870	206,865	5
Excess (deficiency) of revenues over (under) expenditures	(228,230)	(206,690)	(206,688)	2
Other financing sources:				
Transfers in	229,000	207,880	206,865	(1,015)
Net change in fund balance	770	1,190	177	(1,013)
Fund balance – beginning of year			6,043	
Fund balance – end of year			<u>\$ 6,220</u>	

VILLAGE OF BLISSFIELD, MICHIGAN

BUILDING INSPECTION SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL

For the Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous:				
Fee revenue	\$ 40,000	\$ 22,500	\$ 22,465	\$ (35)
Interest	<u>200</u>	<u>330</u>	<u>328</u>	<u>(2)</u>
Total revenues	40,200	22,830	22,793	(37)
Expenditures:				
Inspections	<u>40,040</u>	<u>46,140</u>	<u>44,198</u>	<u>1,942</u>
Net change in fund balance	160	(23,310)	(21,405)	1,905
Fund balance -- beginning of year			<u>25,963</u>	
Fund balance -- end of year			<u>\$ 4,558</u>	

VILLAGE OF BLISSFIELD, MICHIGAN

LIBRARY TRUST SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL

For the Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Gifts	\$	\$ 29,780	\$ 29,774	\$ (6)
Fines	3,600	5,130	5,129	(1)
Interest	10,000	9,440	9,441	1
Miscellaneous	<u>2,500</u>	<u>3,210</u>	<u>3,200</u>	<u>(10)</u>
Total revenues	16,100	47,560	47,544	(16)
Expenditures:				
Culture and recreation				
Library	<u>64,950</u>	<u>25,430</u>	<u>20,656</u>	<u>4,774</u>
Net change in fund balance	(48,850)	22,130	26,888	4,758
Fund balance – beginning of year			<u>235,358</u>	
Fund balance – end of year			<u>\$ 262,246</u>	

VILLAGE OF BLISSFIELD, MICHIGAN

SCHEDULE OF INDEBTEDNESS

September 30, 2008

PRIMARY GOVERNMENT:

The Village has constructed a new water treatment plant. The construction costs for the plant are being funded by two bond issues – an Unlimited Tax General Obligation Bond Issue of \$5,500,000 and a Water Supply System Revenue Bond Issue of \$971,033.

Also, the Village has an additional bond issue a (Water Supply System Revenue Bond Issue of \$750,000) to fund nitrate removal equipment at the new water treatment plant.

These bond issues were purchased by the Michigan Municipal Bond Authority under the Drinking Water Revolving Fund. Under the purchase contract, the Village will receive the principal proceeds as loan draw-downs as the construction costs are incurred.

\$5,500,000

VILLAGE OF BLISSFIELD COUNTY OF LENAWEE, STATE OF MICHIGAN

UNLIMITED TAX GENERAL OBLIGATION WATER SUPPLY SYSTEM BONDS

SEPTEMBER 29, 1998
2.50%

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Fiscal Year Total</u>
10/1/08	\$		\$ 45,250.00	\$
04/1/09	265,000.00	2.50%	45,250.00	355,500.00
10/1/09			41,937.50	
04/1/10	270,000.00	2.50%	41,937.50	353,875.00
10/1/10			38,562.50	
04/1/11	275,000.00	2.50%	38,562.50	352,125.00
10/1/11			35,125.00	
04/1/12	285,000.00	2.50%	35,125.00	355,250.00
10/1/12			31,562.50	
04/1/13	290,000.00	2.50%	31,562.50	353,125.00
10/1/13			27,937.50	
04/1/14	295,000.00	2.50%	27,937.50	350,875.00
10/1/14			24,250.00	
04/1/15	305,000.00	2.50%	24,250.00	353,500.00
10/1/15			20,437.50	
04/1/16	310,000.00	2.50%	20,437.50	350,875.00
10/1/16			16,562.50	
04/1/17	320,000.00	2.50%	16,562.50	353,125.00
10/1/17			12,562.50	
04/1/18	325,000.00	2.50%	12,562.50	350,125.00
10/1/18			8,500.00	
04/1/19	335,000.00	2.50%	8,500.00	352,000.00
10/1/19			4,312.50	
04/1/20	345,000.00	2.50%	4,312.50	353,625.00
10/1/20			0.00	
	<u>\$ 3,620,000.00</u>		<u>\$ 614,000.00</u>	<u>\$ 4,234,000.00</u>

VILLAGE OF BLISSFIELD, MICHIGAN

SCHEDULE OF INDEBTEDNESS

September 30, 2008

PRIMARY GOVERNMENT:

\$971,033

VILLAGE OF BLISSFIELD
COUNTY OF LENAWE, STATE OF MICHIGAN

WATER SUPPLY SYSTEM REVENUE BONDS
SERIES 2000

SEPTEMBER 29, 1998

2.50%

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Fiscal Year Total</u>
10/1/08	\$		\$ 7,950.41	\$
04/1/09	45,000.00	2.50%	7,950.41	60,900.82
10/1/09			7,387.91	
04/1/10	50,000.00	2.50%	7,387.91	64,775.82
10/1/10			6,762.91	
04/1/11	50,000.00	2.50%	6,762.91	63,525.82
10/1/11			6,137.91	
04/1/12	50,000.00	2.50%	6,137.91	62,275.82
10/1/12			5,512.91	
04/1/13	50,000.00	2.50%	5,512.91	61,025.82
10/1/13			4,887.91	
04/1/14	55,000.00	2.50%	4,887.91	64,775.82
10/1/14			4,200.41	
04/1/15	55,000.00	2.50%	4,200.41	63,400.82
10/1/15			3,512.91	
04/1/16	55,000.00	2.50%	3,512.91	62,025.82
10/1/16			2,825.41	
04/1/17	60,000.00	2.50%	2,825.41	65,650.82
10/1/17			2,075.41	
04/1/18	60,000.00	2.50%	2,075.41	64,150.82
10/1/18			1,325.41	
04/1/19	60,000.00	2.50%	1,325.41	62,650.82
10/1/19			575.41	
04/1/20	46,033.00	2.50%	575.41	47,183.82
10/1/20			0.00	
	<u>\$ 636,033.00</u>		<u>\$ 106,309.84</u>	<u>\$ 742,342.84</u>

VILLAGE OF BLISSFIELD, MICHIGAN

SCHEDULE OF INDEBTEDNESS

September 30, 2008

PRIMARY GOVERNMENT:

\$750,000

VILLAGE OF BLISSFIELD
COUNTY OF LENAWE, STATE OF MICHIGAN

WATER SUPPLY SYSTEM REVENUE BONDS

SERIES 2001

FINAL SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Fiscal Year Total</u>
10/1/08	\$	2.500%	\$ 7,062.50	\$
04/1/09	35,000.00		7,062.50	49,125.00
10/1/09		2.500%	6,625.00	
04/1/10	35,000.00		6,625.00	48,250.00
10/1/10		2.500%	6,187.50	
04/1/11	35,000.00		6,187.50	47,375.00
10/1/11		2.500%	5,750.00	
04/1/12	35,000.00		5,750.00	46,500.00
10/1/12		2.500%	5,312.50	
04/1/13	40,000.00		5,312.50	50,625.00
10/1/13		2.500%	4,812.50	
04/1/14	40,000.00		4,812.50	49,625.00
10/1/14		2.500%	4,312.50	
04/1/15	40,000.00		4,312.50	48,625.00
10/1/15		2.500%	3,812.50	
04/1/16	40,000.00		3,812.50	47,625.00
10/1/16		2.500%	3,312.50	
04/1/17	40,000.00		3,312.50	46,625.00
10/1/17		2.500%	2,812.50	
04/1/18	45,000.00		2,812.50	50,625.00
10/1/18		2.500%	2,250.00	
04/1/19	45,000.00		2,250.00	49,500.00
10/1/19		2.500%	1,687.50	
04/1/20	45,000.00		1,687.50	48,375.00
10/1/20		2.500%	1,125.00	
04/1/21	45,000.00		1,125.00	47,250.00
10/1/21		2.500%	562.50	
04/1/22	<u>9,978.00</u>		<u>562.50</u>	<u>11,103.00</u>
	<u>\$ 529,978.00</u>		<u>\$ 111,250.00</u>	<u>\$ 641,228.00</u>

VILLAGE OF BLISSFIELD, MICHIGAN

SCHEDULE OF INDEBTEDNESS

September 30, 2008

PRIMARY GOVERNMENT:

In 1998-99, the Village paid off the balance of the Wastewater Treatment Revenue Bonds, dated June 1, 1987, with the new Revenue Refunding Bonds. Principal balance on this new issue is \$995,000. A schedule of projected bond payments (including interest) is as follows:

SCHEDULE OF BONDED DEBT

\$995,000

VILLAGE OF BLISSFIELD
COUNTY OF LENAWEE, STATE OF MICHIGAN

WASTEWATER TREATMENT PLANT IMPROVEMENT
REVENUE REFUNDING BONDS, 1998 SERIES

5.1436%

<u>Year</u>	<u>Principal Due July 1</u>	<u>Total P&I</u>	<u>Year</u>	<u>Principal Due July 1</u>	<u>Total P&I</u>
2009	\$ 25,000	\$ 65,155	2019	\$ 40,000	\$ 64,180
2010	25,000	64,030	2020	45,000	67,100
2011	30,000	67,830	2021	45,000	64,760
2012	30,000	66,390	2022	50,000	67,420
2013	30,000	64,950	2023	50,000	64,820
2014	35,000	68,510	2024	55,000	67,220
2015	35,000	66,830	2025	55,000	64,360
2016	35,000	65,045	2026	60,000	66,500
2017	40,000	68,260	2027	<u>65,000</u>	<u>68,380</u>
2018	40,000	66,220			
				<u>\$ 790,000</u>	<u>\$ 1,257,960</u>

VILLAGE OF BLISSFIELD, MICHIGAN

SCHEDULE OF INDEBTEDNESS

September 30, 2008

PRIMARY GOVERNMENT:

The Village issued a \$3,000,000 bond issue to finance certain capital improvements to the water, sanitary sewer, and storm water systems and improvements to certain streets. The bond issue has an average interest cost of 4.47942% annually.

The required debt payments follow:

\$3,000,000

**VILLAGE OF BLISSFIELD
COUNTY OF LENAWE, STATE OF MICHIGAN**

**2003 CAPITAL IMPROVEMENT BONDS
LIMITED TAX GENERAL OBLIGATION**

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Total Payment</u>	<u>Fiscal Year Total</u>
10/1/08	\$		\$ 57,160.00	\$ 57,160.00	\$
04/1/09	115,000.00	3.300%	57,160.00	172,160.00	229,320.00
10/1/09			55,262.50	55,262.50	
04/1/10	120,000.00	3.500%	55,262.50	175,262.50	230,525.00
10/1/10			53,162.50	53,162.50	
04/1/11	125,000.00	3.700%	53,162.50	178,162.50	231,325.00
10/1/11			50,850.00	50,850.00	
04/1/12	130,000.00	3.900%	50,850.00	180,850.00	231,700.00
10/1/12			48,315.00	48,315.00	
04/1/13	135,000.00	4.000%	48,315.00	183,315.00	231,630.00
10/1/13			45,615.00	45,615.00	
04/1/14	140,000.00	4.100%	45,615.00	185,615.00	231,230.00
10/1/14			42,745.00	42,745.00	
04/1/15	155,000.00	4.200%	42,745.00	197,745.00	240,490.00
10/1/15			39,490.00	39,490.00	
04/1/16	155,000.00	4.300%	39,490.00	194,490.00	233,980.00
10/1/16			36,157.50	36,157.50	
04/1/17	160,000.00	4.400%	36,157.50	196,157.50	232,315.00
10/1/17			32,637.50	32,637.50	
04/1/18	170,000.00	4.500%	32,637.50	202,637.50	235,275.00
10/1/18			28,812.50	28,812.50	
04/1/19	175,000.00	4.600%	28,812.50	203,812.50	232,625.00
10/1/19			24,787.50	24,787.50	
04/1/20	185,000.00	4.700%	24,787.50	209,787.50	234,575.00
10/1/20					
04/1/21	195,000.00*				
10/1/21					
04/1/22	200,000.00*				
10/1/22			10,860.00	10,860.00	
04/1/23	210,000.00	5.000%	10,860.00	220,860.00	231,720.00
10/1/23			5,610.00	5,610.00	
04/1/24	<u>220,000.00</u>	5.100%	<u>5,610.00</u>	<u>225,610.00</u>	<u>231,220.00</u>
	<u>\$ 2,195,000.00</u>		<u>\$ 1,062,930.00</u>	<u>\$ 3,257,930.00</u>	<u>\$ 3,257,930.00</u>

*Not added to total. Paid in fiscal year 2003-2004.

VILLAGE OF BLISSFIELD, MICHIGAN

SCHEDULE OF INDEBTEDNESS

September 30, 2008

COMPONENT UNIT:

The Downtown Development Authority (DDA) borrowed funds under Act 99 of P.A. 1933 to finance the Newspaper Street Parking Lot Project. Total loan is \$150,000 at a 3.73% interest rate.

A payment schedule follows:

\$150,000

VILLAGE OF BLISSFIELD

MUNICIPAL PURCHASE CONTRACT

DECEMBER 31, 2003

<u>Payment Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Fiscal Year Total</u>
8/29/2009	\$ 15,193.00	\$ 3,052.91	\$ 18,245.91
8/29/2010	15,759.70	2,486.21	18,245.91
8/29/2011	16,347.54	1,898.73	18,246.27
8/29/2012	16,957.30	1,288.61	18,245.91
8/29/2013	<u>17,589.80</u>	<u>656.10</u>	<u>18,245.90</u>
	<u>\$ 81,847.34</u>	<u>\$ 9,382.56</u>	<u>\$ 91,229.90</u>

The Downtown Development Authority (DDA) may, at its option, prepay the Agreement on any payment due date without premium or penalty.

VILLAGE OF BLISSFIELD, MICHIGAN

SCHEDULE OF INDEBTEDNESS

September 30, 2008

COMPONENT UNIT:

The Downtown Development Authority (DDA) borrowed additional funds under Act 99 of P.A. 1933 to finance the Newspaper Street Parking Lot. The loan is \$34,885 at 4.33% interest.

A payment schedule follows:

\$34,885

VILLAGE OF BLISSFIELD

MUNICIPAL PURCHASE CONTRACT

AUGUST 29, 2007

Payment <u>Due</u>	<u>Principal</u>	<u>Interest</u>	Fiscal Year <u>Total</u>
8/29/2009	\$ 3,848.17	\$ 907.33	\$ 4,755.50
8/29/2010	4,014.61	740.89	4,755.50
8/29/2011	4,188.24	567.26	4,755.50
8/29/2012	4,369.38	386.12	4,755.50
8/29/2013	<u>4,558.28</u>	<u>197.15</u>	<u>4,755.43</u>
	<u>\$ 20,978.68</u>	<u>\$ 2,798.75</u>	<u>\$ 23,777.43</u>

VILLAGE OF BLISSFIELD, MICHIGAN

SCHEDULE OF INDEBTEDNESS

September 30, 2008

COMPONENT UNIT:

The Downtown Development Authority (a component unit of the Village) has issued a limited general obligation bond issue, dated December 1, 1994, for construction of parking lots. The bond issue for \$685,000 has an average interest rate of 6.965%.

The schedule of bond payments follows:

\$685,000

VILLAGE OF BLISSFIELD

DOWNTOWN DEVELOPMENT BONDS, SERIES 1994

DECEMBER 1, 1994

(LIMITED TAX GENERAL OBLIGATION)

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Fiscal Year Total</u>
4-1-09	\$ 45,000.00	7.000%	\$ 27,895.00	\$ 72,895.00
4-1-10	50,000.00	7.000%	24,745.00	74,745.00
4-1-11	55,000.00	7.000%	21,245.00	76,245.00
4-1-12	60,000.00	7.100%	17,395.00	77,395.00
4-1-13	60,000.00	7.100%	13,135.00	73,135.00
4-1-14	60,000.00	7.100%	8,875.00	68,875.00
4-1-15	<u>65,000.00</u>	7.100%	<u>4,615.00</u>	<u>69,615.00</u>
	<u>\$ 395,000.00</u>		<u>\$ 117,905.00</u>	<u>\$ 512,905.00</u>

December 16, 2008

Village Council
Village of Blissfield
Blissfield, Michigan

We appreciate the opportunity to conduct your audit this year. We are writing to you as we complete the audit to communicate any control deficiencies we identified during the audit and whether these deficiencies (if any) are determined to be significant deficiencies or material weaknesses.

In planning and performing our audit of the financial statements of the Village of Blissfield, Michigan, for period ending September 30, 2008, we applied generally accepted auditing standards (GAAS) as we considered your internal control over financial reporting as a basis for designing our auditing procedures. We did this for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of your internal controls. Accordingly, as a part of your audit, we are not expressing an opinion on the effectiveness of your internal control.

Our consideration of internal control was for the limited purpose of conducting your organization's audit and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. It is important to not that control deficiencies are not necessarily problems you will choose to address, however, they do represent potential risks. Our job as your auditors is to ensure that you understand where you have these deficiencies or weaknesses so that you can make informed business decisions on how best to respond to these risks.

Significant Deficiencies

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects your entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of your financial statements that is more than inconsequential will not be prevented or detected by your internal control. During our audit we found one significant deficiency in internal control.

Material Weaknesses

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by your internal control. During our audit we found no material weaknesses.

Finding considered a significant deficiency

Criteria:

Effective for the year ended September 30, 2007, Statement of Auditing Standards #112 titled *Communicating Internal Control Related Matters Identified in an Audit* (issued May 2006), required us to communicate in writing when a client requires assistance to prepare the footnotes required in the annual audit report in accordance with accounting principles generally accepted in the United States of America.

Village Council
Village of Blissfield
Blissfield, Michigan

Condition

Currently, the Village staff prepares the interim financial reports and assists the external auditor in the preparation of the annual audit report.

Cause

The staff of the Village does understand all information included in the annual financial statements; however, assistance of the external auditor was utilized in preparing the footnotes to the financial statements.

Effect

Utilization of the external auditor in preparing the footnotes to the financial statements assists management with the external financial reporting responsibility, to ensure their financial statements are accurate.

Recommendation

At this time, we recommend no changes to this situation and communicate this as required by professional standards. The current process meets the definition of a significant deficiency as defined in Statement on Auditing Standards #112.

Client Response

We are aware of this deficiency and believe it is not cost beneficial in our situation to develop this expertise. We will continue to use our external auditors for this technical assistance. We would expect this situation to be ongoing in future years.

Robertson, Eaton & Owen, P.C.
December 16, 2008